

# THE JANE WELSH SCHOLARSHIP AWARD



“How can the investment industry attract more diverse talent from within the UK?”

Drawing on literature such as ‘Reimagining Capitalism in a World on Fire’ – Rebecca Henderson, and ‘Doughnut Economics’ – Kate Raworth, it’s clear that decision making within the investment industry has a huge impact on how our world operates. A greater diversity of perspective will ultimately fuel more creative and valuable approaches regarding the allocation and management of funding. Capital is globally recognised as being a key source of power and influence, therefore a more equitable and socially focused approach to its distribution, likely catalysed by more diverse teams, has the potential to be the biggest force in solving systemic and societal problems, and making our world a more sustainable and kinder place for everyone to thrive in.

Bringing more diverse people into the industry through accessible career paths is also likely to spark a push for an increase in the number and scale of investments made into minority founded companies, creating a cyclical long-term improvement.

But how do we truly improve things?

## **Education and opportunities**

With lacking representation and inherent biases, the education system lets people from underrepresented backgrounds down in various ways - this is a systemic issue that requires long term curriculum intervention. However, organisations within the investment industry can offer their own opportunities for minority groups to learn, grow their skillsets, and find opportunities.

Providing accessible courses is one solution that offers everyone the opportunity to gain some of the knowledge and experience required to work in the industry. Ensuring that courses are free, and utilise various methods of learning such as voice recordings, visual tutorials, literature, and mentorship, is fundamental. Facilitating course adaptations for individual needs is essential in ensuring that the initiative welcomes people from all backgrounds.

Offering work experience to diverse groups can also play a key role. This not only provides an opportunity for people to learn, but also gives individuals a chance to network within the industry and make connections. It’s vital that work experience opportunities are paid, therefore allowing people from less privileged backgrounds to access the experience without financial strain.

## **The recruitment process**

It’s crucial that the recruitment process is made as accessible and inclusive as possible, and is continuously improving as new perspectives surface.

A key initiative that investment organisations could collectively adopt would be a rule of guaranteeing interviews for people from minority groups who meet the basic specifications for the role. This can be seen demonstrated by Disability Confident Employers, but could be broadened to include other diverse individuals such as people from minority ethnic groups and LGBTQIA+ people. This opens up a way for employers to meet people and find out what their passions and skills are even though they may not have had the chance to gain lots of direct experience.

Due to systemic and cultural biases, individuals may not have been able to access relevant experience and due to this lack of experience, they may miss out on being interviewed for roles. Offering guaranteed interviews for underrepresented groups whenever possible could be an effective way to break the cycle.

Additionally, it's equally important to then ensure that the interview process is as inclusive as possible, with flexibility and room for adaptation to suit individual needs. Examples of this could be to fund transportation to interviews and offer online options, provide clear briefs about what interviews will entail and what questions may be asked, and ask individuals what adjustments they may need and accommodate wherever possible.

### **The importance of inclusion**

Considering the conclusions of many research papers, such as those referred to below, it's understandable that underrepresented groups could lose confidence in certain industries. People may feel that they won't be considered for employment so avoid trying, or they may fear that even if they entered a career within the field that they'd experience discrimination, exclusion, and wouldn't be able to be their authentic selves. Diversity and inclusion can have a snowball effect in that the more diverse a team is, the more diverse people it will continue to attract, but this also means that the beginning stages of improving diversity can be the most difficult. Work needs to be done to ensure that everyone feels welcomed, reassured, and supported throughout the recruitment process. Once diverse individuals are joining the organisations, inclusion is key to retaining the talent, and retention is the main goal.

Research from the Financial Services Culture Board highlights how employees with disabilities in the industry report significantly higher levels of stress and exhaustion, and feel their mental wellbeing is being negatively impacted. It can be inferred from this that organisations are failing to adapt and support diverse needs. In order to retain diverse talent, the physical and mental safety and wellbeing of the individuals must be made a priority.

Research shows that around 50% of ethnic minority employees believe their career progression is lower than that of their white peers in the UK financial services industry (Reboot-Race to EqualityUK Financial Services Report, 2021). This highlights the need for organisations to work on unlearning biases, empowering diverse employees, and ensuring that the individuals are properly rewarded for their efforts. We need to encourage diversity at all levels including leadership, so accessible and supported career progression is essential.

### **Inclusion - don't be afraid to ask**

Organisations shouldn't be afraid to ask people what they need, and how to do better. With a rising focus on 'doing the right thing' and being socially responsible, individuals and organisations can sometimes worry about getting it wrong. This can lead to people doing nothing at all, hindering progression. If the intention is to improve the way things are done, chances are that asking the very people they're looking to support what they need will not only give organisations the answers but will also start to build a level of trust and respect.

As long as questions are asked respectfully and with the right intentions, and the organisational culture is open minded to new perspectives, asking people can be the best strategy. It's important that organisations don't let the fear of getting it wrong hold them back from doing great things, just like individuals, organisations learn from mistakes.

### **Inclusion at the heart of the organisational culture**

Further, in order to effectively create an inclusive culture, everyone within the organisation must share and align with the values. This means that when hiring any employee, there should be a discussion on their thoughts on Diversity and Inclusion and it should be highlighted as being something of huge importance to the organisation. Additionally, regular conversations and training sessions (run by diverse experts in the field of DE&I) should happen throughout all levels including top management, and employees should be held accountable in how they contribute to creating an inclusive culture.

If there are any reported instances of discrimination or exclusion, investment organisations must take this very seriously and clear procedures should take place to ensure this behaviour isn't tolerated under any

circumstances. The procedures in place can work to educate employees of any mistakes made, but in extreme cases there would have to be dismissal to ensure that diverse employees are kept safe.

Investment organisations have to work on maintaining a welcoming, open, and transparent culture so that all employees have a safe space to discuss any challenges or concerns. Diverse DE&I specialists can be hired internally to manage the strategy and drive progression. It's good practice for all employees, particularly those from underrepresented communities, to have a space to check in on their mental health and ask for any further support they may need in order to thrive in the organisation.

Again, the process is one of continuous adaptation and improvement.

### **Give Diversity and Inclusion a healthy budget**

Rather than creating internal Diversity, Equity, and Inclusion networks which are often not diverse and not representative of minority communities, organisations can work harder on dedicating a healthy budget to the strategy. DE&I professionals from diverse backgrounds should be supported and paid to consult organisations on their strategies and ensure that the area is considered as an ongoing, continuously evolving, priority.

Diversity and Inclusion is something that has to be done well. There are many experts who are passionate about the field due to being part of an underrepresented community themselves, and so dedicate their careers to sharing the knowledge they've gained from both professional and lived experience.

The industry needs to raise the voices of these people and pay them to support the strategy.

### **The bigger picture – creating a welcoming industry and listening to the people**

It would be reasonable to question why diverse individuals would want to work in an industry that shows a huge lack of care or action around achieving equity and empowering underrepresented groups. Of course, many diverse individuals hope to drive positive change, but the responsibility of making our world a kinder and more equitable place is collective and it's clear that all organisations, but particularly investment organisations, could be using their power more effectively.

In the US, UK, and Europe, the percentages of investment made into female founders and minority founders compared with the percentages of investment made into companies with no diversity highlights a scary reality. Most research informs that under 2% of Venture Capital funding is allocated to female founders, with the figure dropping much lower for Black or minority ethnic female founders.

Founders with disabilities and LGBTQ+ founders can also feel that they're embarking on an impossible mission when building or growing their companies; companies that are often developing innovative solutions to important problems that society may miss out on.

Working towards making the investment industry more empathetic and demonstrating how organisations are working to drive positive change systemically could be very impactful in attracting and retaining diverse employees.

The impact investment industry branches off of the mainstream investment industry and is a powerful example of how it's possible to prioritise positive social outcomes as well as profit. Capitalism is changing, organisations are increasingly being held more accountable for their actions and are expected to minimise any negative impacts as well as increase their actions towards sustainability and social responsibility. This is reassuring to younger demographics, who are hoping to build careers where they will not only achieve financial security, but will also be able to find a meaningful purpose in the impact they have on society.

However, although there is progress, greenwashing and 'social washing' is still a regular occurrence within the investment industry. Many organisations market their 'positive initiatives' whilst still maintaining a lack of diversity at all levels.

If investment organisations increase their focus on expanding the portfolios of underrepresented founders, and supporting minority owned businesses to thrive, there will likely become more trust and enthusiasm between the investment industry and underrepresented communities. It's easy for people to tell when an organisation cares about making a difference, so if more organisations could demonstrate how they're making improvements from all angles it could be an impactful solution.

### **Do it for the right reasons**

Organisations shouldn't just be working to improve diversity and inclusion for the purpose of improving productivity, modernising marketing campaigns, and increasing profits. There are clear organisational benefits resulting from improving DE&I strategies, but these benefits should be the secondary driving force. I believe that the only way to truly make an impact is by doing it for the right reasons. We should be celebrating difference and being inclusive to underrepresented communities because everyone deserves a seat at the table and the world is a better place when we come together as one.

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